

Endowment Fund Investment Board

Analyst: Sepich

Historical Summary

OPERATING BUDGET	FY 2020 Total App	FY 2020 Actual	FY 2021 Approp	FY 2022 Request	FY 2022 Gov Rec
BY FUND CATEGORY					
Dedicated	744,300	683,700	754,800	836,600	768,800
Percent Change:		(8.1%)	10.4%	10.8%	1.9%
BY OBJECT OF EXPENDITURE					
Personnel Costs	545,800	538,200	555,400	635,700	567,900
Operating Expenditures	196,500	141,300	197,400	198,900	198,900
Capital Outlay	2,000	4,200	2,000	2,000	2,000
Total:	744,300	683,700	754,800	836,600	768,800
Full-Time Positions (FTP)	4.00	4.00	4.00	4.00	4.00

Division Description

The Endowment Fund Investment Board (EFIB) is responsible for managing the investments of the land grant endowment funds (Section 57-721, Idaho Code), the State Insurance Fund (Section 72-912, Idaho Code), and other moneys as required by law (Section 57-720, Idaho Code). Other moneys invested as required by law include Ritter Island and Trail of the Coeur d'Alenes for the Idaho Department of Parks and Recreation, three funds for the Kellogg institutional controls program for the Idaho Department of Environmental Quality, one stewardship endowment fund for the Idaho Department of Lands, and five wildlife habitat endowments for the Idaho Department of Fish and Game.

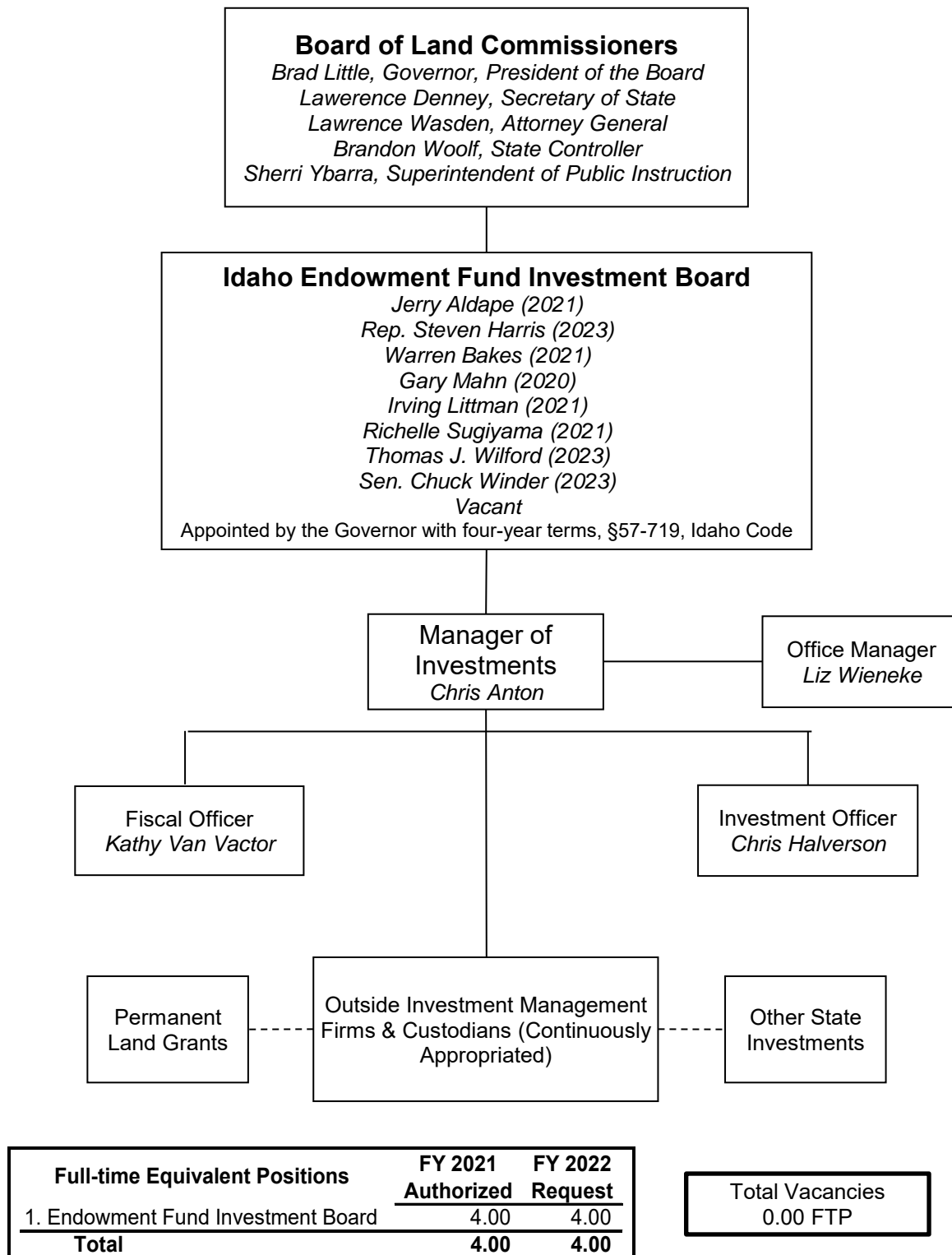
The State Legislature created the Endowment Fund Investment Board in 1969 (Section 57-718, Idaho Code), after the passage of a constitutional amendment in 1968. Before that, the State Treasurer had been responsible for the management of the state's land grant endowment funds. The Department of Finance took over investment responsibilities for two years until the EFIB's first manager was hired and the office opened July 1, 1971.

The 1998 Legislature approved four pieces of legislation (HJM9, HJR6, HJR8, and H643aa) that began the latest round of endowment reform. 1) HJM9 requested that Congress allow proceeds from the sale of public school endowment lands to be deposited into a land bank to be used to purchase other lands. Congress later approved the memorial. 2) HJR6 proposed amendments to the state constitution to change the word "disposal" to "sale" and to allow a land bank. Voters approved the constitutional amendment but the Supreme Court later invalidated the amendment, ruling that the amendment contained two questions and was not put properly before the people. The land board resubmitted the constitutional amendment regarding the land bank as HJR1 in 2000 and the electorate approved the amendment. 3) HJR8 proposed amendments to the state constitution to allow the permanent fund to be invested rather than loaned, to create an earnings reserve, and to allow for payment of administrative costs from the earnings reserve. Voters approved that constitutional amendment in 1998. 4) H643aa of 1998 set up the distribution mechanisms necessary for the permanent funds, the earnings reserve and the income funds. The bill moved the Endowment Fund Investment Board from the Governor's Office to the Land Board effective July 1, 2000. Therefore, actual expenditures before FY 2001 are shown in the Executive Office of the Governor. The legislation also set up a land bank, and changed the makeup of the board. The makeup of the nine-member board changed to remove the Superintendent of Public Instruction and the Director of the Department of Finance, and replaced them with two "public members from the citizenry at large who are knowledgeable and experienced in financial matters and the placement or management of investment assets" (Section 57-718, Idaho Code). S1107 of 1999 changed the effective date of certain sections of H643aa to allow investment in equities (stock) effective February 15, 1999.

H690aa of 1998 established the Capitol Commission and the Capitol Endowment from the former Public Building Endowment effective on July 1, 1998. H643aa was to become effective July 1, 2000 creating a potential conflict with H690aa. However, during the 2000 session, the Legislature resolved that conflict by repealing the Public Building Endowment. H181 of 2013 established a Capitol Maintenance Reserve Fund for the Capitol Commission. Starting in FY 2014, most of the distribution from the Capitol Permanent Endowment Fund began flowing to the maintenance reserve instead of the Capitol Commission's operating fund.

Endowment Fund Investment Board Organizational Chart

Analyst: Sepich



Part I – Agency Profile

Agency Overview

The Idaho Endowment Fund Investment Board (EFIB) is responsible for managing \$3.4 billion of investments consisting of the State of Idaho Endowment Fund, the financial reserves of the State Insurance Fund, and endowments for Idaho Parks and Recreation, Idaho Department of Environmental Quality, Idaho Department of Lands, and Idaho Department of Fish & Game.

The EFIB consists of nine individuals appointed by the Governor. The board includes one state senator, one state representative, a public education administrator, and six members of the public who are “knowledgeable and experienced in financial matters.” The EFIB has four employees in its Boise office, including a Manager of Investments who oversees day-to-day operations. Monthly reports of the EFIB’s activities and investment performance are made to the Board of Land Commissioners and other clients. The EFIB’s expenses are not paid from General Funds.

Core Functions/Idaho Code

Land Grant Endowment Funds – Revenue from state endowment lands are transferred to the EFIB by the Idaho Dept. of Lands for investment under policies established by the Board of Land Commissioners. In turn, the EFIB, based on a Distribution Policy approved by the Board of Land Commissioners, makes monthly distributions to thirteen beneficiaries, the largest of which is the Public School Fund (Title 57, Chapter 7, *Idaho Code*). Annual distributions of income for a fourteenth beneficiary, the Capitol building, are determined by the Capitol Commission (Title 67, Chapter 16, *Idaho Code*).

State Insurance Fund – The EFIB, under policies approved by the State Insurance Fund, invests the surplus and reserve funds established to pay worker’s compensation claims insured by the State Insurance Fund. (Title 72, Chapter 9, *Idaho Code*)

Parks & Recreation Endowment Funds – The EFIB provides investment management services to support two parks in the state. Distributions are determined by Parks & Rec. (Title 57, Chapter 7, *Idaho Code*)

Department of Environmental Quality Endowments – The EFIB provides investment management services to DEQ in support of the Silver Valley environmental cleanup. Distributions are determined by the Department of Environmental Quality. (Title 57, Chapter 7, *Idaho Code*)

Department of Fish & Game Wildlife Mitigation Endowment Funds – The EFIB provides investment management services to Fish & Game to support the maintenance of land acquired to enhance wildlife habitat. Distributions are determined by the Department of Fish and Game. (Title 57, Chapter 7, *Idaho Code*)

Idaho Department of Lands Forest Legacy – In FY19, the EFIB began providing investment management services to Idaho Dept. of Lands for the Forest Legacy Program, a federal program administered in partnership with the states using Land and Water Conservation Fund money (Uniform Conservation Easement Act, Title 55, Chapter 21). Distributions are determined by the Idaho Dept. of Lands. (Title 57, Chapter 7, *Idaho Code*)

Revenue and Expenditures

Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Misc. Revenue	\$139,500	\$79,100	\$81,100	\$83,200
Endowment Funds	<u>535,900</u>	<u>643,600</u>	<u>664,400</u>	<u>671,600</u>
Total	<u>\$675,400</u>	<u>\$722,700</u>	<u>\$745,500</u>	<u>754,800</u>

Expenditure	FY 2017	FY 2018	FY 2019	FY 2020
Personnel Costs	\$452,700	\$531,500	\$530,700	\$547,000
Operating Expenditures	164,800	153,000	190,000	196,500
Capital Outlay	1,300	1,200	2,000	2,000
Total	<u>\$618,800</u>	<u>\$685,700</u>	<u>\$722,700</u>	<u>\$745,500</u>

Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2017	FY 2018	FY 2019	FY 2020
Key Financial Statistics				
Receipts from Dept. of Lands (net)	\$43,375,700	\$48,483,400	\$42,653,700	\$50,523,800
Total return from investments (net)	225,973,600	190,879,500	158,309,200	102,944,500
Less: Distributions to Beneficiaries	<u>(63,658,400)</u>	<u>(73,879,200)</u>	<u>(78,456,400)</u>	<u>(81,243,000)</u>
Net Earnings	\$205,690,900	\$165,483,700	\$122,506,500	\$72,225,300
Total Market Value of Investments				
Public School Endowment Funds	\$1,466,404,800	\$1,353,171,600	\$1,421,426,000	\$1,465,172,100
Other Land Grant Funds	<u>569,662,100</u>	<u>848,379,000</u>	<u>902,631,100</u>	<u>931,109,800</u>
Total Land Grant Endowment Funds	<u>\$2,036,066,900</u>	<u>\$2,201,550,600</u>	<u>\$2,324,057,100</u>	<u>\$2,396,281,900</u>
Other Agencies:				
ID. Dept. of Lands			365,200	450,000
ID. State Insurance Fund	729,292,700	761,154,700	832,992,600	890,466,500
ID. Dept. of Parks & Rec.	4,119,600	4,361,100	4,602,400	4,674,800
ID. Dept. of Environmental Quality	60,747,300	66,509,000	96,646,800	100,865,100
ID Dept. of Fish & Game	<u>21,820,400</u>	<u>24,331,100</u>	<u>34,325,600</u>	<u>38,944,530</u>
Total Market Value of Investments	<u>\$2,852,046,900</u>	<u>\$3,057,906,500</u>	<u>\$3,292,989,700</u>	<u>\$3,430,799,930</u>

Red Tape Reduction Act

Each agency shall incorporate into its strategic plan a summary of how it will implement the Red Tape Reduction Act, including any associated goals, objectives, tasks, or performance targets. This information may be included as an addendum.

	As of July 1, 2019	As of July 1, 2020
Number of Chapters	1	1
Number of Words	1,562	1,562
Number of Restrictions	9	9

FY 2020 Performance Highlights

- The net position of the Land Grant Endowment Fund totaled \$2,395 million, an increase of \$71.3 million
- The portfolio generated investment returns before fees of 5.2%, placing it in the top 15th percentile in the Callan Public Fund Sponsor Database
- Distributions to land-grant beneficiaries totaled \$80.9 million

Part II – Performance Measures

Performance Measure		2017	2018	2019	2020	2021 ⁷	5-Year Avg. ⁶
As our clients' individual needs for managing an endowment fund require, we will: Develop a prudent long-term investment strategy, utilize the best portfolio managers, consultants and other agents to execute that strategy, diligently evaluate performance over time, develop an effective distribution policy, and help them fulfill their fiduciary responsibilities and communicate with their stakeholders							
1. Return vs. Benchmark (gross of fees)							
A. Land Grant Endowment Fund ¹	total return	12.9%	9.9%	7.7%	5.2%	6.0%	7.0%
	target	12.8%	8.4%	7.1%	4.9%	5.6%	6.8%
	excess	0.1%	1.5%	0.6%	0.3%	0.4%	0.2%
B. State Insurance Fund ²	total return	2.0%	1.6%	6.4%	6.9%	4.0%	4.1%
	target	2.1%	1.5%	6.7%	6.9%	4.0%	4.1%
	excess	-0.1%	0.1%	-0.3%	0.0%	0.0%	0.0%
2. Return vs. Peers (gross of fees)							
A. Land Grant Endowment Fund ³	total return	12.9%	9.9%	7.7%	5.2%	6.0%	7.0%
	endowment/ foundation universe median	12.7%	8.3%	5.8%	2.7%	5.0%	5.6%
	excess	0.2%	1.6%	1.9%	2.5%	1.0%	1.4%
B. Land Grant Endowment Fund ⁴	total return	12.9%	9.9%	7.7%	5.2%	6.0%	7.0%
	public funds universe median	12.4%	8.2%	6.2%	3.3%	5.0%	6.0%
	excess	0.5%	1.7%	1.5%	1.9%	1.0%	1.0%
3. Percent Real Change in the Fund							
A. Land Grant Endowment: growth in Permanent funds to exceed the rate of inflation and population growth	annual growth in corpus	5.8%	11.3%	5.3%	5.1%	5.3%	4.4%
	annual rate of inflation	1.8%	2.3%	2.1%	1.6%	1.7%	1.7%
	annual population growth	2.3%	2.1%	1.8%	1.6%	1.7%	1.9%
	excess	1.7%	6.9%	1.4%	1.9%	1.9%	0.8%
B. Ritter Island Endowment Fund: growth in corpus in excess of the rate of inflation over a five-year period	five-year growth in corpus	5.1%	5.1%	4.5%	5.0%	5.3%	5.0%
	five-year rate of inflation	1.3%	1.4%	1.5%	1.7%	1.7%	1.7%
	excess	3.8%	3.7%	3.0%	3.3%	3.6%	3.3%

Performance Measure		2017	2018	2019	2020	2021 ⁷	5-Year Avg. ⁶
C. Trail of the Coeur d'Alenes Endowment Fund: growth in corpus in excess of the rate of inflation over a five-year period	five-year growth in corpus	4.8%	4.8%	4.6%	5.1%	5.3%	5.0%
	five-year rate of inflation	1.3%	1.4%	1.5%	1.7%	1.7%	1.7%
	excess	3.5%	3.4%	3.1%	3.4%	3.6%	3.3%
4. Change in Distributions to Land Grant Beneficiaries ⁸							
A. No reduction in the total Endowment Distribution	change	\$63.2M	\$73.5M	\$78.2M	\$80.9M	\$84.5M	
	target	Increase	Increase	Increase	Increase	Increase	
B. Land Grant Endowment Earnings Reserves at least 600%-700% of next year's approved distribution	number below target	0	1	0	0	0	
Performance Measure		2012-17 ⁹	2013-18	2014-19	2015-20	2016-22E	
C. Growth in Land Grant Endowment distributions exceeds inflation and population growth over a five-year period (avg. annual growth for all endowments)	growth in distributions	6.3%	9.1%	9.9%	9.3%	8.4%	
	inflation	1.3%	1.4%	1.5%	1.7%	1.9%	
	population growth	1.5%	1.7%	1.8%	1.9%	1.9%	
	excess	3.5%	6.0%	6.6%	5.7%	4.6%	

¹ Exceed benchmark consisting of 42.3% Russell 3000, 15.2% MSCI ACWI ex-US, 8.5% MSCI ACWI, 26% BBC Aggregate, 8.0% NCREIF-ODCE.

² Meet or exceed the benchmark consisting of 12% Russell 3000, 29.8% BBC Aggregate, 29.8% BBC Govt. Credit, 17% M/L 1-3 yr. Treasury, 8.5% TIPS, 3% M/L 3 mo. T-Bill.

³ Exceed the median of peers in Callan database

⁴ Exceed the median of peers in Callan database

⁵ Based on projection

⁶ for the trailing five-year period (FY16-FY20)

⁷ Endowment Fund Staff projections based on a ten-year outlook

⁸ Excluding Capitol endowment

⁹ Excludes one-time \$22.5mm distribution to public schools in FY11

*Recommended but not yet approved 2021 distribution

For More Information Contact

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Endowment Fund Investment Board

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FY 2020 Actual Expenditures by Division by Program

		FTP	PC	OE	CO	T/B	LS	Total
0.30	FY 2020 Original Appropriation							
0349-00	Ded	0.85	67,800	13,300	0	0	0	81,100
0482-70	Ded	3.15	479,200	183,200	2,000	0	0	664,400
Totals:		4.00	547,000	196,500	2,000	0	0	745,500
0.44	Sick Leave Rate Reduction							
0349-00	Ded	0.00	(200)	0	0	0	0	(200)
0482-70	Ded	0.00	(1,000)	0	0	0	0	(1,000)
Totals:		0.00	(1,200)	0	0	0	0	(1,200)
1.00	FY 2020 Total Appropriation							
0349-00	Ded	0.85	67,600	13,300	0	0	0	80,900
0482-70	Ded	3.15	478,200	183,200	2,000	0	0	663,400
Totals:		4.00	545,800	196,500	2,000	0	0	744,300
1.21	Net Object Transfer							
0482-70	Ded	0.00	0	(2,500)	2,500	0	0	0
Totals:		0.00	0	(2,500)	2,500	0	0	0
1.61	Reverted Appropriation							
0349-00	Ded	0.00	(2,800)	(3,700)	0	0	0	(6,500)
0482-70	Ded	0.00	(4,800)	(49,000)	(300)	0	0	(54,100)
Totals:		0.00	(7,600)	(52,700)	(300)	0	0	(60,600)
2.00	FY 2020 Actual Expenditures							
0349-00	Ded	0.85	64,800	9,600	0	0	0	74,400
Miscellaneous Revenue			64,800	9,600	0	0	0	74,400
0482-70	Ded	3.15	473,400	131,700	4,200	0	0	609,300
Endowment Earnings Administrative			473,400	131,700	4,200	0	0	609,300
Totals:		4.00	538,200	141,300	4,200	0	0	683,700
Difference: Actual Expenditures minus Total Appropriation								
0349-00	Ded		(2,800)	(3,700)	0	0	0	(6,500)
Miscellaneous Revenue			(4.1%)	(27.8%)	N/A	N/A	N/A	(8.0%)
0482-70	Ded		(4,800)	(51,500)	2,200	0	0	(54,100)
Endowment Earnings Administrative			(1.0%)	(28.1%)	110.0%	N/A	N/A	(8.2%)
Difference From Total Approp			(7,600)	(55,200)	2,200	0	0	(60,600)
Percent Diff From Total Approp			(1.4%)	(28.1%)	110.0%	N/A	N/A	(8.1%)

Endowment Fund Investment Board

Agency Profile

Analyst: Sepich

Profile of Key Services Provided

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
End of Year Market Values of Funds Under Management (\$ Millions)						
1. Public School Permanent Endowment	\$954.0	\$847.4	\$911.6	\$1,026.5	\$1,068.2	\$1,124.8
2. Public School Earnings Reserve Fund	183.6	282.6	343.7	326.7	353.2	340.3
3. Other Land Grant Permanent Funds	500.9	538.6	554.8	605.9	651.3	682.1
4. Other Land Grant Earnings Reserves	204.2	161.8	226.0	242.5	251.3	249.0
5. Subtotal Land Grant Endowments	\$1,842.7	\$1,830.4	\$2,036.1	\$2,201.6	\$2,324.1	\$2,396.3
6. State Insurance Fund	621.5	669.9	729.3	761.2	833.0	890.5
7. Other Investments *	74.8	77.1	86.7	95.2	135.9	144.9
8. Total Funds under Management	\$2,539.1	\$2,577.4	\$2,852.0	\$3,057.9	\$3,293.0	\$3,431.7

*IDPR Ritter Island \$1.5 M; IDPR Trail of the Coeur d'Alenes \$3.2 M; DEQ Bunker Hill Endowments \$100.9 M; IDL Forest Legacy: \$0.4 M; IDFG Wildlife Stewardship \$25.5 M; IDFG Trust \$4.5 M; IDFG N. Idaho O&M \$8.5 M; IDFG Blackfoot \$0.5 M

Combined Permanent and Earnings Reserve Funds (\$ Millions)

9. Beginning Value July 1	\$1,744.8	\$1,842.7	\$1,830.4	\$2,036.1	\$2,201.6	\$2,324.1
10. Lands Contributions- Permanent Fund	49.14	2.08	1.95	2.65	2.70	3.06
11. Lands Contributions- Earnings Reserve	83.09	78.18	70.67	73.49	69.35	75.91
12. Income (Loss) from Investments	53.17	(2.84)	233.81	200.01	167.39	114.49
13. Lands Expenses	(27.69)	(25.33)	(29.24)	(27.65)	(29.40)	(28.44)
14. EFIB Expenses	(7.65)	(7.59)	(7.83)	(9.13)	(9.08)	(11.54)
15. Capitol Endowment Distributions	(.10)	(.40)	(.50)	(.40)	(.25)	(.33)
16. Distributions to Beneficiaries	(51.98)	(56.47)	(63.16)	(73.48)	(78.21)	(80.92)
17. Ending Combined Perm and ER Funds	\$1,842.7	\$1,830.4	\$2,036.1	\$2,201.6	\$2,324.1	\$2,396.3
18. Gross Investment Return Before Fees	3.0%	(0.2%)	12.9%	9.9%	7.7%	4.9%
19. Expenses to year-end net assets	0.44%	0.43%	0.38%	0.41%	0.39%	0.48%

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 Estimate	FY 2022 Estimate
Distributions to Beneficiaries (\$ Millions)						
20. Public Schools	\$36.7248	\$47.0496	\$50.3256	\$51.2600	\$52.5864	\$54.7980
21. Agricultural College	1.3476	1.3476	1.4472	1.4660	1.5516	1.6600
22. Charitable Institutions	5.5440	5.5440	5.7540	5.7540	5.9916	6.1790
23. Idaho State University 4/15	1.4784	1.4784	1.5344	1.5344	1.5978	1.6477
24. Juvenile Corrections Center 4/15	1.4784	1.4784	1.5344	1.5344	1.5978	1.6477
25. State Hospital North 4/15	1.4784	1.4784	1.5344	1.5344	1.5978	1.6477
26. Veterans Home 5/30	.9240	.9240	.9590	.9590	.9986	1.0298
27. School for the Deaf and Blind 1/30	.1848	.1848	.1918	.1918	.1997	.2060
28. Normal School	4.2624	4.2624	4.4100	4.9460	5.3340	5.4875
29. ISU College of Education 1/2	2.1312	2.1312	2.2050	2.4730	2.6670	2.7438
30. Lewis-Clark State College 1/2	2.1312	2.1312	2.2050	2.4730	2.6670	2.7438
31. Penitentiary	1.9656	1.9656	2.1936	2.2470	2.5008	2.6895
32. School of Science	4.7088	4.7088	4.8264	4.9300	5.4204	5.7355
33. SHS Mental Hospital	4.5624	4.5624	5.0244	5.9550	6.3696	6.4250
34. University of Idaho	4.0428	4.0428	4.2252	4.3600	4.7664	5.1020
35. Land Grant Beneficiary Distributions	\$63.1584	\$73.4832	\$78.2064	\$80.9180	\$84.5208	\$88.0765
36. Percent Change in Distributions	11.8%	16.3%	6.4%	3.5%	4.5%	4.2%

Except for the Capitol Endowment, the distribution rule for each land grant endowment is based on a percentage of the three-year moving average of the permanent fund.

Totals may not add due to rounding

Endowment Fund Investment Board

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2021 Original Appropriation	4.00	0	754,800	4.00	0	754,800
Removal of Onetime Expenditures	0.00	0	(3,300)	0.00	0	(3,300)
FY 2022 Base	4.00	0	751,500	4.00	0	751,500
Benefit Costs	0.00	0	8,900	0.00	0	2,300
Inflationary Adjustments	0.00	0	2,700	0.00	0	2,700
Replacement Items	0.00	0	2,000	0.00	0	2,000
Statewide Cost Allocation	0.00	0	100	0.00	0	100
Change in Employee Compensation	0.00	0	5,200	0.00	0	10,200
FY 2022 Program Maintenance	4.00	0	770,400	4.00	0	768,800
1. Manager of Investments Raise	0.00	0	66,200	0.00	0	0
Budget Law Exemptions and Adjustments	0.00	0	0	0.00	0	0
FY 2022 Total	4.00	0	836,600	4.00	0	768,800
Change from Original Appropriation	0.00	0	81,800	0.00	0	14,000
% Change from Original Appropriation			10.8%			1.9%

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2021 Original Appropriation					
The Legislature funded one line item for FY 2021 which included \$1,400 for technology consolidation and modernization.					
	4.00	0	754,800	0	754,800
Removal of Onetime Expenditures					
This adjustment removes \$2,000 for replacement items and \$1,300 appropriated for the Governor's Technology Initiatives funded on a onetime basis in FY 2021.					
Agency Request	0.00	0	(3,300)	0	(3,300)
Governor's Recommendation	0.00	0	(3,300)	0	(3,300)
FY 2022 Base					
Agency Request	4.00	0	751,500	0	751,500
Governor's Recommendation	4.00	0	751,500	0	751,500
Benefit Costs					
Employer-paid benefit changes include an 11% increase (or \$1,280 per eligible FTP) for health insurance, bringing the total appropriation to \$12,930 per FTP. Also included is a restoration of the unemployment insurance rate, a partial restoration of the unused sick leave rate, and adjustments to workers' compensation that vary by agency.					
Agency Request	0.00	0	8,900	0	8,900
<i>The Governor recommends no increase for health insurance due to fewer claims than expected and a one-year holiday for employers who contribute to the PERSI-managed sick leave plan.</i>					
Governor's Recommendation	0.00	0	2,300	0	2,300
Inflationary Adjustments					
The board requests \$2,700 in operating expenditures for contract inflation due to lease increases for office space in Boise (\$1,400) and independent auditing services (\$1,300).					
Agency Request	0.00	0	2,700	0	2,700
Governor's Recommendation	0.00	0	2,700	0	2,700
Replacement Items					
The Endowment Fund Investment Board requests \$2,000 in dedicated funds to purchase one new computer and accessories.					
Agency Request	0.00	0	2,000	0	2,000
Governor's Recommendation	0.00	0	2,000	0	2,000
Statewide Cost Allocation					
This request includes adjustments to recover the cost of services provided by other agencies in accordance with federal and state guidelines on cost allocation. Attorney General fees will decrease by \$1,600, State Controller fees will increase by \$1,000, and Office of Information Technology Services billings will increase by \$700, for a net increase of \$100.					
Agency Request	0.00	0	100	0	100
Governor's Recommendation	0.00	0	100	0	100
Change in Employee Compensation					
For calculation purposes, agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees.					
Agency Request	0.00	0	5,200	0	5,200
<i>The Governor recommends a 2% increase in employee compensation, distributed on merit. He does not recommend a compensation increase for group and temporary positions.</i>					
Governor's Recommendation	0.00	0	10,200	0	10,200
FY 2022 Program Maintenance					
Agency Request	4.00	0	770,400	0	770,400
Governor's Recommendation	4.00	0	768,800	0	768,800

Endowment Fund Investment Board

Analyst: Sepich

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
1. Manager of Investments Raise					
The board requests \$66,200 to raise the salary of the manager of investments to \$250,000. Of this amount, \$54,600 is for salary, while \$11,600 is for the associated increase in variable benefits. The Endowment Fund Investment Board's (EFIB) Compensation Committee approved the recommendation to increase the manager of investment's salary on August 13, 2020, noting that the 2019 McLagan/AON Compensation Survey for Public Funds listed the median salary for Chief Investment Officers with executive director responsibilities at \$265,000, ranging from \$160,000 in Louisiana to \$384,000 in Texas. Additionally, multiple states offer bonus structures in addition to the annual salary. The EFIB has not provided a bonus to the manager of investments since FY 2015, which totaled \$2,370. The manager of investments has been employed with the EFIB for three years and currently earns an hourly wage of \$93.92 (or \$195,353 annually), this request would increase that hourly rate to \$120.19. Section 55-727, Idaho Code, states that "the salary or compensation of the manager of investments and portfolio managers shall be set by the board, subject to approval of the governor, and be paid from appropriations made therefor." The statute also provides that the manager of investments is a non-classified employee.					
Agency Request	0.00	0	66,200	0	66,200
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0

Budget Law Exemptions and Adjustments

The Endowment Fund Investment Board requests a continuous appropriation for consulting fees, bank custodial fees, and portfolio-related external costs. The variable costs associated with these services depend on the size of the portfolio and the turnover of investments. This uncertainty makes budgeting difficult. The appropriation bill allows the Legislature to re-evaluate the need for a continuous appropriation on an annual basis and to consider a fixed appropriation should the costs be determined to be more predictable. Actual costs paid through the continuous appropriation have steadily increased from \$1,327,400 in FY 2001 for the first full-year after endowment reform to \$11,038,000 in FY 2019.

Requested Legislative Requirements: The Endowment Fund Investment Board is hereby granted continuous appropriation authority for consulting fees, bank custodial fees, and portfolio-related external costs for the period July 1, 2021, through June 30, 2022.

Agency Request	0.00	0	0	0	0
<i>Recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0

FY 2022 Total					
Agency Request	4.00	0	836,600	0	836,600
Governor's Recommendation	4.00	0	768,800	0	768,800
Agency Request					
Change from Original App	0.00	0	81,800	0	81,800
% Change from Original App	0.0%		10.8%		10.8%
<i>Governor's Recommendation</i>					
Change from Original App	0.00	0	14,000	0	14,000
% Change from Original App	0.0%		1.9%		1.9%